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DIA, OSD and DOS review(s) completed.

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CONFIDENTIALI GENERAL

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- 1. Fortuguese reaction to "recess" of negotiations—US Embassy Lisbon has informed the Portuguese Foreign Office of the US intention to "recess" the current long-term Azores base negotiations. The Foreign Office has expressed its opposition to the "understanding" which General Kissner has reached with the Portuguese Secretary of War for "implementation" of the short-term 30 May agreement, and indicated suspicion that the US no longer is interested in long-term discussions because the US has obtained what it wants through the Kissner understanding with the Secretary of War.
- 2. British not to insist on diplomatic primacy in Egypt--The British Embassy in Cairo has informed the US Legation, in connection with the projected elevation of the US Legation to Embassy status, that the British no longer insist on diplomatic primacy in Egypt. The British suggest, however, that the US defer definitive action until current Anglo-Egyptian Treaty negotiations are concluded, since the 1936 Treaty provided for British precedence over all other diplomatic representatives in Egypt. The British, however, could waive precedence if there were some essential reason for an immediate change of status.

EUROPE-AFRICA

3. USSR: Litvinov pessimistic--According to US Charge Durbrow in Moscow, Litvinov, in a confidential conversation at a recent reception, told the British Charge that "things were going badly" and expected them to get worse. Litvinov added that he was happy to be out of the anomalous position he had occupied for so long.

Molotov and Beria featured on V-J Day-Durbrow reports that in the V-J Day celebration in Moscow, portraits of Molotov and Beria (rumored chief of "atomic security") occupied the favored positions at Stalin's right and left respectively. Durbrow points out that only members of the Politburo were represented in the display, and that those identified with foreign affairs and security overshadowed the key Party secretaries. Although the occasion celebrated a military victory, no strictly military figures were in evidence.

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TOPONTINENTIAL

- 4. GREECE: Leftists to dispute plebiscite—US Ambassador MacVeagh reports that the EAM will contest the validity of the plebiscite before the Supreme Court and that all Socialist and Communist-controlled "democratic clubs" have officially refused to recognize that the regime question is settled. MacVeagh states, however, that all political circles appear to be leaving the next major move to the King.
- 5. GERMANY: Ruhr coal exports may be cut—Secretary Byrnes reports that consideration is being given "in Berlin" to reducing the monthly export of Ruhr coal from 850,000 to 500,000 tons in order to assist German industry in producing essential mining machinery. Byrnes states that the British are anxious to mitigate serious political and economic repercussions in France, Italy and other European countries. He has asked Clayton to determine the extent to which the US can "make up the proposed monthly reduction" during the next four months.

ACC considers execution of Nuremberg sentences—Murphy reports that ACC Germany is considering a directive establishing a quadripartite commission to be responsible for carrying out imprisonment and death sentences passed by the Nuremberg tribunal. The French member has suggested to the ACC that the bodies should be cremated and "scattered to the four winds to prevent graves from later becoming national shrines."

6. ITALY: <u>Communists reported distributing arms in Florence</u>—According to US Consulate Florence, "authoritative sources" report that local Communists are distributing arms to "selected action squads."

FAR EAST

7. KOREA: Reaction to US policy statement—General Hodge's HQ reports that the publication in Korea of Acting Secretary Acheson's statement, following General Hodge's declaration, has been eminently effective. All Korean papers from the extreme right to the extreme left gave the statement full coverage, while the Korean people in general reacted favorably. The statement also has improved the morale of US personnel in Korea.

TOP SECRET

Delegation feted in Moscow--US Military Attache Moscow reports that a delegation of 25 Koreans is being extensively entertained and carefully segregated in Moscow, apparently as part of a long-range program for Soviet ideological penetration of Korea.

THE AMERICAS

8. PERU: US accepts Peruvian jurisdiction in Talara incident—The State Department has rejected the Peruvian proposal for joint jurisdiction over US personnel involved in the Talara incident (see Daily Summary of 3 September, item 17). It has instructed Ambassador Cooper to accede to the original Peruvian request for jurisdiction and to inform Peruvian authorities that the US expects that "quick and speedy justice will be meted as well to all Peruvian citizens involved."